



CHEFA
Connecticut Health & Educational
Facilities Authority

Testimony Submitted to the Government Administration and Elections Committee

March 25, 2022

SB 473 “An Act Concerning the State Contracting Standards Board”

The Connecticut Health and Educational Facilities Authority (CHEFA) was created by the legislature in 1965 and is the state’s oldest quasi-public agency. CHEFA issues tax-exempt revenue bonds on behalf of Connecticut’s not-for-profit hospitals, colleges, universities and other eligible 501(c)(3) organizations. These investments underpin a critical social service infrastructure system that cares for our health, educates us, and enhances the welfare and prosperity of Connecticut residents.

CHEFA **opposes** SB 473 “An Act Concerning the State Contracting Standards Board.”

CHEFA fully supports efforts to provide for transparency and openness of government and quasi-public operations, especially when taxpayer dollars are involved. However, the proposed additional reporting requirements, review and approval procedures outlined in SB 473 are unnecessary and burdensome as CHEFA already has policies and procedures in place that ensure transparency and ethical operations.

SB 473 would extend State Contracting Standards Board oversight to CHEFA’s contracting procedures. However, CHEFA, as required by its enabling legislation, has procedures in place for the procurement of goods and services and requires board approval for any expenditure in excess of \$5,000 that is not included within budgeted expenditures. Each quasi-public agency is unique as to its mission and activities and is in the best position to determine the threshold to require competitive bidding or an RFP. CHEFA’s procedures require proposals for any contract that would exceed \$25,000.00.

Additionally, it should be noted that CHEFA is a completely financially independent and self-supported entity. CHEFA employees are not state employees, they do not receive state benefits and the organization receives no taxpayer dollars to fund its operations. Additionally, almost all bonds issued by CHEFA are not obligations of the State or CHEFA, but of the underlying not-for-profit entity. Their repayment does not utilize taxpayer dollars. The only exceptions to this have come as a result of legislative mandate. For example, CHEFA bonds issued on behalf of the Connecticut State College and University system are indirectly supported by the state through a Special Capital Reserve Fund structure. This reserve fund has never been called upon to support debt service and the CSCU bonds have been self-supporting through their own revenue streams.

CHEFA proudly employs a professional staff that is held to the highest ethical standards and has a knowledge and experience base gained over the past 5 decades, as well as through the issuance of over \$22.9 billion in tax-exempt bonds. The 10 member CHEFA Board of Directors that approves CHEFA financings is appointed by the Governor, with the Chair confirmed by the legislature. The mandates imposed by SB 473 would subject CHEFA’s business operations to unnecessary review and approval processes by an entity that may lack the required expertise and would encumber and impair the financing process.

We strongly urge the Committee to reject SB 473 in its entirety or to amend the language to include an exemption for quasi-public agencies that do not rely on tax-payer dollars to fund their operations.

Thank you for your time and attention.

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